



# House of Representatives

General Assembly

**File No. 64**

February Session, 2006

House Bill No. 5296

*House of Representatives, March 21, 2006*

The Committee on Banks reported through REP. DOYLE of the 28th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT CONCERNING THE DEPARTMENT OF BANKING.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-1 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2006*):

3 This title shall be known as the "Banking Law of Connecticut" and  
4 shall be applicable to all Connecticut banks, Connecticut credit unions,  
5 first and secondary mortgage lenders and brokers, money order and  
6 travelers check licensees, check cashing service licensees, trustees  
7 under mortgages or deeds of trust of real property securing certain  
8 investments, corporations exercising fiduciary powers, small loan  
9 licensees, business and industrial development corporation licensees,  
10 sales finance companies, mortgage servicing companies, debt  
11 adjusters, and to such other persons [as] who subject themselves to the  
12 provisions of this title or who, by violating any of its provisions,  
13 become subject to the penalties provided in this title.

14 Sec. 2. Section 36a-3 of the general statutes is repealed. (*Effective*

15    *October 1, 2006)*

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2006</i>	36a-1
Sec. 2	<i>October 1, 2006</i>	Repealer section

**BA**        *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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### ***OFA Fiscal Note***

#### ***State Impact:***

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Banking Dept.	BF - Revenue Gain	Potential Minimal	Potential Minimal

Note: BF=Banking Fund

***Municipal Impact:*** None

#### ***Explanation***

The bill includes business and industrial development corporation licensees to the list of licenses to which Connecticut's banking law applies. Under the bill business and industrial development corporation licensees are subject to penalties as a result of violation of banking law. In FY 05, the Banking Department collected \$1,244,900 in penalties as a result of various violations. To the extent that the bill expands the scope of possible violators, it could result in a minimal revenue gain to the state.

#### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****HB 5296*****AN ACT CONCERNING THE DEPARTMENT OF BANKING.*****SUMMARY:**

This bill specifically adds business and industrial development corporation licensees to the list of licensees to which Connecticut's banking law applies. The banking law applies to listed entities, as well as to other people who subject themselves to its provisions or who, by violating any of its provisions, become subject to its penalties. The law already authorizes and provides for the licensure of business and industrial development corporations. A business and industrial corporation is a person approved or seeking approval by the federal Small Business Administration as a participating lender under its loan guarantee programs, who applies to the commissioner for a license under the law.

The bill also makes a technical change.

EFFECTIVE DATE: October 1, 2006

**BACKGROUND*****Parties Subject to the Connecticut Banking Laws***

Connecticut banking law currently applies to all Connecticut banks; Connecticut credit unions; first and secondary mortgage lenders and brokers; money order and travelers check licensees; check cashing service licensees; trustees under mortgages or deeds of trust of real property securing certain investments; corporations exercising fiduciary powers; small loan licensees, sales finance companies; mortgage servicing companies; debt adjusters; and other entities that subject themselves to the provisions of the law or who, by violating any of its provisions, become subject to its penalties.

**COMMITTEE ACTION**

Banks Committee

Joint Favorable

Yea    18    Nay   0    (03/09/2006)